



Committed to the future of rural communities.

MONTANA Guaranteed Rural Housing SERVICING HANDBOOK



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National website: <http://www.rurdev.usda.gov>

Montana website: <http://www.rurdev.usda.gov/mt>

Centralized Servicing Center (CSC) – Rural Development, USDA
1520 Market Street, FC-225
St. Louis, MO 63103

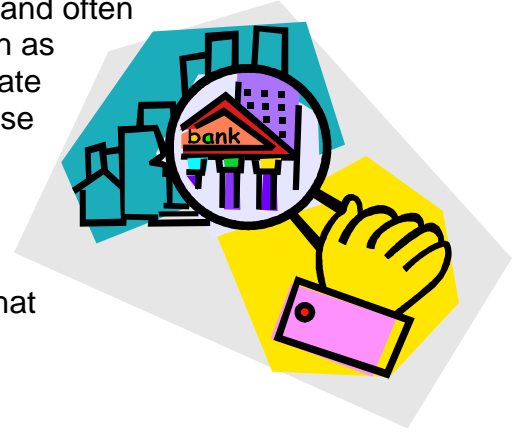
E-Mail Address: guaranteed.servicing@stl.rural.usda.gov

Contact Information: Sandy McKinley
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LENDER'S GENERAL RESPONSIBILITY

Identify the Rural Development Guaranteed Rural Housing (GRH) loans on your servicing system.

Identifying the Rural Development GRH loans is the first and often most difficult step, as most Loan Servicing Systems, such as ALLTEL, do not currently provide a specific code to indicate this loan type. Each GRH loan is assigned a borrower case number, with 15 digits. Within that number is a state and county code and the borrower's social security number. When necessary, a review of the loan origination file and closing documents will provide confirmation the loan is GRH, and includes the borrower's case number that is required for reporting and filing loss claims with Rural Development.



Sold in pools and transferred to other servicers, the GRH loans are often miscoded as FHA, VA, farm loans, or even conventional uninsured. It is important the new loan set-up departments and due diligence efforts prior to service transfers include a process to identify GRH loans and code them correctly to ensure that the servicing requirements found in **RD Instruction 1980-D** are met prior to filing a loss claim. Failure to do so can result in the loss claim being denied after liquidation.

All new and transferred loans must be reported to Rural Development. **Use Form RD 1980-11, "Lender Record Change"** to report changes in the ownership or the servicer of the loan. You may fax the form to the Guaranteed Loan Branch in the St. Louis Finance Office at: 314-539-3110 or send by email to: guaranteed.loan@stl.rural.usda.gov



Lenders should provide sufficient servicing and counseling to meet the objectives of the loans.



Loan servicing should be approached as a preventive action rather than a corrective action. Prompt follow-up by the Lender on delinquent payments and resolution to problems are the keys to resolving many delinquent loan cases.



Lenders shall perform those services that are reasonable and prudent, and that a lender would perform in servicing its own portfolio.

RETENTION OF THE LOAN NOTE GUARANTEE



Form RD 1980-17, “Loan Note Guarantee” constitutes the Government’s obligation to guarantee your loan. The holding lender must retain the original Loan Note Guarantee with the original Promissory Note at all times.



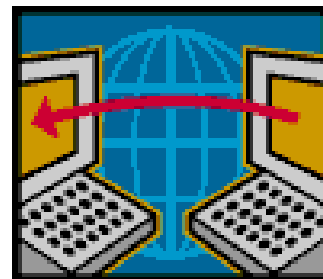
In the event that a lender should misplace the Loan Note Guarantee, the Agency will issue a duplicate original to the lender. The Agency cannot issue a certified copy of the original document since the original is issued to the lender.



Refer to the **Loan Note Guarantee** AN for more information on the retention of loan note guarantees.

DEFAULTED LOAN & QUARTERLY LOAN STATUS REPORTS

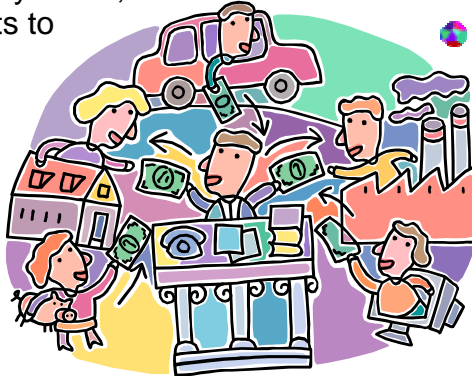
- @ Electronic default reporting is required on a monthly basis for all GRH loans that are in default.
- @ Electronic portfolio reporting is required on a quarterly basis for all GRH loans serviced by the lender.
- @ Lenders with 100 or fewer loans can use the web pages at:
<https://usdalinc.sc.egov.usda.gov>
- @ Lenders with more than 100 loans are required to submit ANSI X12 files over the Internet. The instructions for the X12 format are located at:
<http://www.rurdev.usda.gov/regs/handbook/edi.pdf>
- @ Lenders who are new to the GRH loan program must contact the Rural Development Guarantee Loan Branch at (877) 636-3789 and sign a “Basic Trading Partner Agreement” with addendums B and D to begin submitting their reports electronically. Our Finance Office will issue new lenders reporting instructions and a password that will provide access to our website.
- @ The complete RD Electronic Data Interchange (EDI) Handbook can be found at:
<http://www.rurdev.usda.gov/regs/handbook/edi.pdf>
- @ For assistance with electronic reporting, lenders may call toll free to: (877) 636-3789 or e-mail to: guaranteed.loan@stl.rural.usda.gov



NORMAL LOAN SERVICING

- Receive and process payments; properly apply payments to principal, interest, and escrow.

- Establish and maintain escrow accounts to pay real estate taxes, hazard/flood insurance, and homeowner's association dues in a timely manner.



- Obtain compliance with mortgage covenants, loan agreements, security agreements, etc. Also, notify the borrower in writing of any violations.

OTHER SERVICING REQUIREMENTS

- ✓ Assure that insurance loss payments, condemnation awards, or similar proceeds are applied on debts in accordance with lien priorities. Rebuild or otherwise acquire replacement collateral.
- ✓ Assure that the borrower is not released from liability for the loan except as provided by law and the GRH regulations. Co-borrowers may be added to a new loan or deleted from an existing loan if a new GRH loan to refinance the existing debt is approved by Rural Development.
- ✓ No other authority exists for Rural Development to concur with release of liability requests except in the case of debt settlement actions.
- ✓ Refer to the [Acceptable Foreclosure Time Frames](#) AN for more information.



LOSS MITIGATION GUIDE

Refer to the [Loss Mitigation Clarification of Policy](#) AN for more information on the lender's loan servicing responsibilities as they pertain to the GRH loan program.

Attached to the AN is a comprehensive loss mitigation guide which explains the loan servicing and liquidation options available to lenders as well as borrower eligibility for special forbearance or loan modifications. The loss mitigation guide covers the following topics:

- **Servicing Early Delinquency Loans**
- **Loss Mitigation Overview**
- **General (Reporting, 90 Day Review, Foreclosure, Documentation, etc.)**
- **Special Forbearance**
- **Loan Modifications**
- **Pre-Foreclosure Sale (Short Sales)**
- **Deed in Lieu of Foreclosure (DIL)**
- **RHS Loan Servicing Plan**
- **Checklists to Approve Loan Modifications, Short Sales, and DILs**

Servicing lenders should be familiar with the borrower qualifications and the documentation needed to approve the various loss mitigation transactions. Lenders must obtain concurrence from Rural Development on their servicing plans for loans that are over 90 days past due and a method other than foreclosure is recommended to resolve the delinquency. The **Single Family Housing Guaranteed Loan Program (SFHGLP) Servicing Plan** should be used to communicate the servicing plan data to Rural Development for approval.

Loss mitigation requests for Montana GRH loans can be sent to:

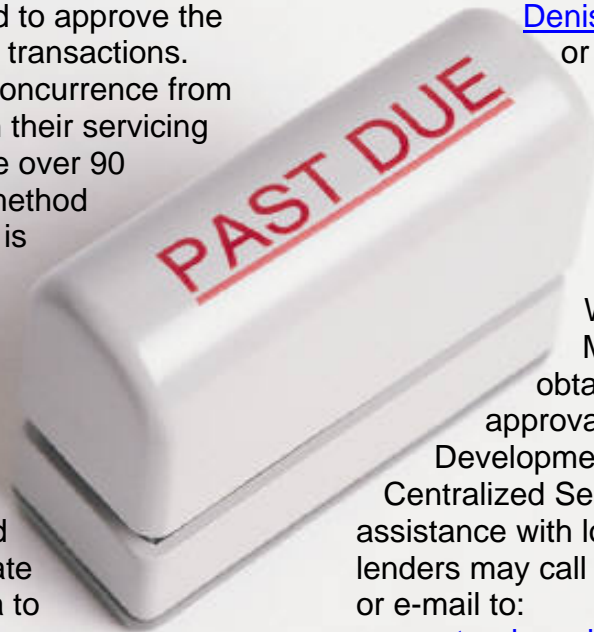
Denise.Green@mt.usda.gov
or faxed to (406) 585-2565.

Nationwide lenders which include Chase, Countrywide, National City Mortgage, and Wells Fargo Home Mortgage are able to

obtain their loss mitigation approvals from Rural

Development through the Centralized Servicing Center. For assistance with loss mitigation inquiries, lenders may call toll free (866) 550-5887 or e-mail to:

guaranteed.servicing@stl.rural.usda.gov



SHORT TERM WORKOUT AGREEMENTS

Servicers may execute workout agreements with borrowers less than 90 days past due for periods up to 3 months without prior Rural Development concurrence.

The rate and term of the loan can not be changed.

The short-term workout agreement and supporting documentation must be maintained in the servicing file.



SPECIAL FORBEARANCE

Special forbearance is a written repayment plan between the lender and the borrower for loans that are over 90 days past due, but less than 12 months past due.

The rate and term of the loan can not be changed.

Lenders should use the **SFHGLP Servicing Plan** to communicate the servicing plan data to Rural Development for approval. Lenders should use the **Special Forbearance Checklist** to document the borrower's eligibility for this action.

LOAN MODIFICATION AGREEMENTS




- ✿ A loan modification is a permanent change to one or more of the loan terms that results in a reduced payment the borrower can afford and allows the loan to be brought current.
- ✿ Loan modifications may include a change in interest rate, capitalization of delinquency principal, interest or escrow items, and/or reamortization of the loan balance.
- ✿ For Fannie Mae owned loans, no Rural Development concurrence is required. Consult with Fannie Mae for guidance on loan modification agreements.
- ✿ Lenders should use the **SFHGLP Servicing Plan** to communicate the servicing plan data to Rural Development for approval. Lenders should use the **Loan Modification Checklist** to document the borrower's eligibility for this action.
- ✿ Upon completion of the loan modification, lenders must provide Rural Development with a copy of the signed loan modification agreement.






PRE-FORECLOSURE SALES (SHORT SALES)

- ✿ A pre-foreclosure sale allows a borrower in default to sell their home and apply the proceeds to the mortgage debt even if the proceeds are less than the balance owed.
- ✿ Borrowers who successfully sell their homes using a pre-foreclosure sale will be relieved of their mortgage obligation.
- ✿ Lenders should use the **SFHGLP Servicing Plan**, to communicate the servicing plan data to Rural Development for approval. Lenders should use the **Pre-Foreclosure Sale Checklist** to document the borrower's eligibility for this action.

DEED-IN-LIEU OF FORECLOSURE

-  Deed-in-Lieu of Foreclosure (DIL) allows a delinquent borrower to voluntarily deed the collateral property to the lender in exchange for a release from all obligations under the mortgage.
-  Rural Development prefers the DIL since it avoids the time and expense of a legal foreclosure action and the property is generally in better physical condition at acquisition due to the cooperative nature of the transaction.
-  Lenders should use the **SFHGLP Servicing Plan** to communicate the servicing plan data to Rural Development for approval. Lenders should use the **Deed-in-Lieu of Foreclosure Checklist** to document the borrower's eligibility for this action.

BANKRUPTCY

-  Rural Development is notified by the lender through the monthly default and quarterly loan status reports when a borrower files bankruptcy.
-  Lenders should obtain a relief from stay as soon as possible in cases where the post petition payments are in default.
-  Lenders should obtain a DIL prior to case dismissal when the borrower's plan is to surrender the home.



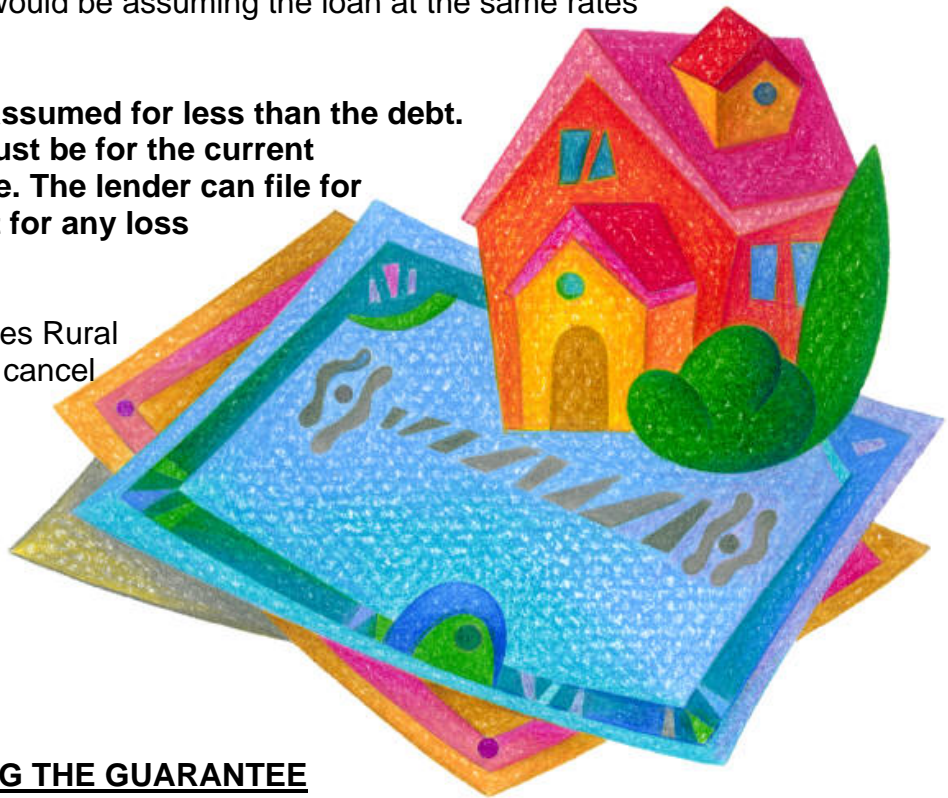
TRANSFER & ASSUMPTIONS

Lenders may, but are not required to allow assumptions.

Discuss the case with Rural Development prior to processing.

WITHOUT MAINTAINING THE GUARANTEE












- **Lenders may allow any purchaser to assume the loan without regard for their eligibility for the GRH loan.**
- The purchaser would be assuming the loan at the same rates and terms.
- **Loans can be assumed for less than the debt. The transfer must be for the current appraised value. The lender can file for reimbursement for any loss incurred.**
- The lender notifies Rural Development to cancel the guarantee.



MAINTAINING THE GUARANTEE

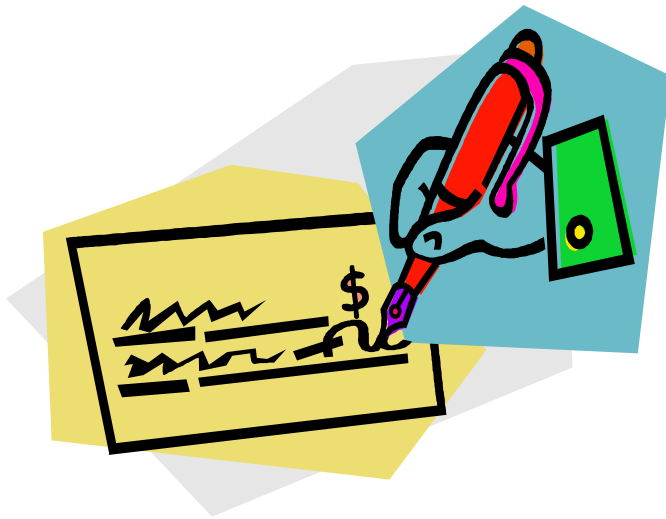
- **The applicant must meet all the GRH loan eligibility requirements.**
- The guarantee fee is due upon delivery of the loan closing package to Rural Development.
- **The present borrowers (the transferor) cannot be released from liability.**

BORROWER DEFAULTS – SERVICING TIMELINE

-  At 20 days past due, the lender must make a reasonable attempt to contact the borrower.
-  At 60 days past due, the lender must make a reasonable attempt to contact the borrower via face to face or by telephone. If unable to contact borrower, a property inspection is required to determine occupancy.
-  At 90 days past due, the lender must report to credit repositories and decide whether to liquidate.
-  Lender will notify Rural Development of the decision to liquidate **or** submit a servicing plan if a method other than foreclosure is recommended to resolve the delinquency. Refer to the [Loss Mitigation Comprehensive Policy Clarification AN](#) for access to Rural Development's Loss Mitigation Guide.
-  Foreclosure must be initiated within 90 days of the decision to liquidate (180 days delinquent) unless foreclosure has been delayed by law. Initiation of foreclosure in Montana is the recording date of the Notice of Sale. Refer to the [Acceptable Foreclosure Time Frames AN](#) for more information.
-  Once the decision to liquidate has been made, the lender must complete foreclosure within 202 days. Refer to the [Acceptable Foreclosure Time Frames AN](#) for more information.
-  When there is a legal delay, foreclosure must be started within 60 days after it becomes possible to do so.
-  Within 30 days of REO possession a Property Disposition Plan must be submitted to Rural Development.
-  Lender has 6 months from the date the property is acquired to sell the property. If no sale occurs, the lender will notify RD to obtain a liquidation appraisal.
-  Lender will submit a loss claim within 30 calendar days of disposition of property or at the end of the 6 month selling period.
-  Refer to [RD Instruction 1980-D, paragraphs 1980.371 through 1980.376](#) for more information on servicing defaulted loans.



PROTECTIVE ADVANCES



Protective advances made in excess of \$500 to protect the lender's interest in the property should have Rural Development's prior concurrence (except Fannie Mae owned loans). Protective advances are made for expenses of an emergency nature necessary to preserve or protect the physical security. Examples include fixing a roof to minimize water damage, boarding up or replacing windows, winterizing or securing an abandoned property, etc.

Foreclosure protective advances are covered under any claim for loss.

REINSTATEMENT OF ACCOUNTS IN FORCLOSURE STATUS

Lenders may reinstate the accounts upon full payment of all arrearages and legal fees, in accordance with Montana State Law.

Rural Development concurrence is necessary if the lender proposes acceptance of less than all funds due.

A photograph of a document, possibly a ledger or a payment schedule, showing a table with dates and amounts. The table is titled "Daily Balance" and has columns for "Date" and "Amount". The dates listed are 10/20, 10/21, 10/22, 10/23, 10/24, 10/25, and 10/27. The corresponding amounts are \$738.97, \$526.82, \$580.53, \$524.21, \$362.24, and \$308.42. The document also shows "11/16" and "Monthly Service" at the top.

Date	Amount
10/20	\$ 738.97
10/21	526.82
10/22	580.53
10/23	524.21
10/24	362.24
10/25	308.42
10/27	

FORECLOSURE BIDS & THIRD PARTY SALES

- ▶ Sales to third party at the foreclosure occur when a third party outbids the lender. If the lender has bid at least 85% of the property's value (based on a recent appraisal or BPO), there is no problem. The lender can file a claim for reimbursement of any loss.
- ▶ No concurrence by Rural Development of the foreclosure sale bid amount is required.
- ▶ If you would like to consult with the Rural Development State Office in Bozeman, you can contact us at (406) 585-2515.
- ▶ Lenders may bid the lesser of the total debt or 85% of the property's value as determined by a recent appraisal or BPO. Refer to the [Foreclosure Sale Bids AN](#) for more information on foreclosure sale bids.
- ▶ The value may be based on either the BPO or appraisal. We recommend obtaining a complete appraisal prior to the foreclosure sale. In the event that the lender becomes the successful bidder at the foreclosure sale, the appraisal could be submitted to Rural Development as part of the lender's property disposition plan.



PROPERTY DISPOSITION PLAN

- ☀ Lenders must submit a **Property Disposition Plan** (sometimes referred to as a marketing plan) to Rural Development within 30 days of acquiring a property. However, when an eviction prevents obtaining access to the property within the 30 days, the plan may be presented within 30 days of obtaining access to the property.
- ☀ Refer to the **Lender Real Estate Owned Property Disposition Plans** AN for more information on the completion of property disposition plans.
- ☀ Lenders must provide a copy of the appraisal and/or BPO to Rural Development as part of their property disposition plan in cases where the proposed listing price for the REO property is significantly below the original loan amount.
- ☀ Rural Development will respond to property disposition plans within 5 business days. For Montana GRH loans, submit the plan by fax to: (406) 585-2565 or e-mail your plan to: Denise.Green@mt.usda.gov.






MARKETING TIME


Lenders are allowed six months from the foreclosure date to market the REO, regardless of eviction processes.

Montana Rural Development will allow lenders to make administrative price reductions of 5% per month below the listing price after the property has been listed for 60 days to encourage sales.


FILING A LOSS CLAIM




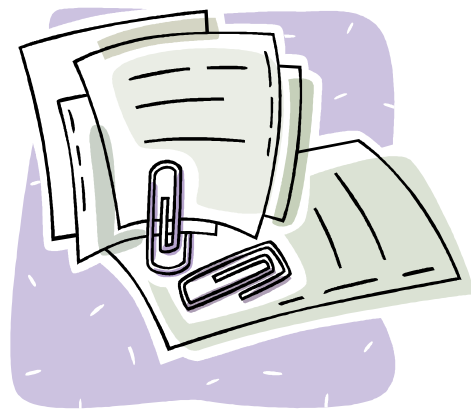
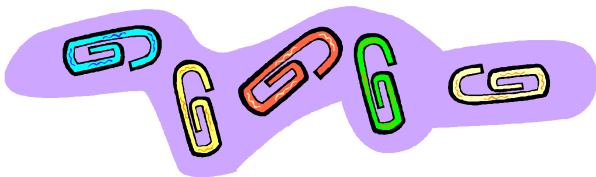
-  Lenders may submit a loss claim at any time during this six month period prior to the actual sale of the REO. Rural Development will obtain a liquidation value appraisal of the property on which the loss claim will be calculated.
-  The deadline is 30 days after the expiration of the 6-month marketing period, or a total of 7 months from the acquisition date.
-  If the property was sold at the foreclosure sale to a third party or was sold as REO, the claim is due 30 days from the date of closing.

 If the borrower sells their property for less than full debt (short sale), the loss claim must be filed within 30 days after loan closing. Note: Rural Development concurrence is required for a transfer/sale for less than full debt.

 Refer to **RD Instruction 1980-D, paragraph 1980.376** for more information.

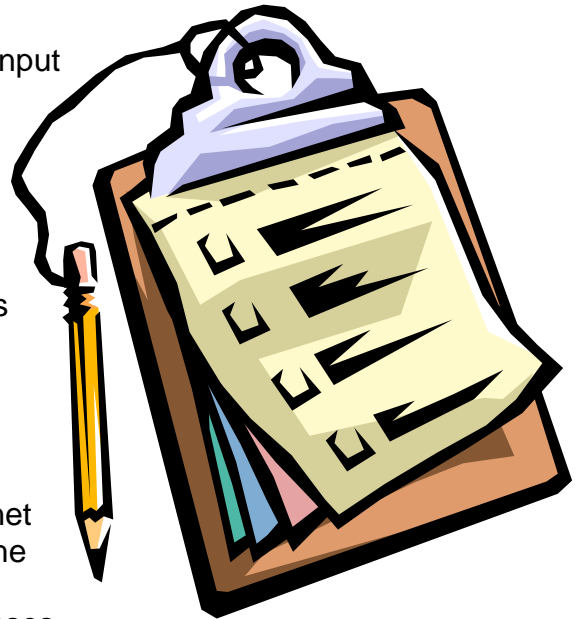
 Rural Development will approve complete loss claim requests within 60 days. For Montana GRH loans, submit plans by mail to: USDA – Rural Development, Attn: Denise Green, PO Box 850, Bozeman, MT 59771. Montana GRH loss claims may also be faxed to (406) 585-2565 or e-mailed to: Denise.Green@mt.usda.gov.

 Questions regarding loss claim submissions should be directed to Denise Green at (406) 585-2565.



LOSS CLAIM PROCESSING

- ✓ Refer to the **Loss Claim and Future Recovery Processing** AN for further guidance on loss claims, future recovery and additional recovery remittance procedures.
- ✓ Automated versions of **Form RD 1980-20, Rural Housing Guarantee Report of Loss**, including all forms, worksheets, and checklists referenced in the **Loss Claim and Future Recovery Processing** AN accessed at www.rurdev.usda.gov.
- ✓ A user's guide to the automated loss claim calculator can be accessed at www.rurdev.usda.gov.
- ✓ Lenders are encouraged to complete a loss claims input worksheet to facilitate the processing of their loss claim request. This form is optional but will likely reduce the time needed to approve your loss claim.
- ✓ The claim may include the unpaid principal, unpaid interest, all legal expenses, and protective advances for escrow expenses not covered by the borrower's funds. In addition, if the property sells within the 6 months, all REO expenses, sale expenses, and full note interest up to sale date are included.
- ✓ For loss claims based on an appraisal (rather than net sale proceeds), Rural Development will determine the net property value by subtracting 11.87% from the appraised value to allow for the lender's REO expenses.
- ✓ The loss claim process does not cover the lender's cost of contracting out the servicing/REO/loss claim responsibility (if the lender has decided to hire an outside source in lieu of having its own staff carry out these duties). These costs are considered overhead, a non-covered item.
- ✓ The legal costs related to the foreclosure/bankruptcy/eviction will be no more than typically allowed by Fannie Mae, Freddie Mac or FHA. Refer to the **Acceptable Liquidation Fees and Costs** AN for more information.
- ✓ The gross investment, including all the costs listed above, is added up and the gross sale amount or appraised value is then subtracted to determine the gross loss. Rural Development pays all of the loss up to an amount equal to 35% of the original loan amount.
- ✓ Any remaining loss in excess of 35% of the original loan amount is then paid at 85% of the remaining loss. The maximum loss payable is 90% of the original loan amount.



SUPPLEMENTAL CLAIMS

❌ **None. It is a one-time claim.**

FUTURE RECOVERY OF LOSS CLAIM PAYMENTS

- Only applicable in cases when the REO does not sell within 6 months of the acquisition date and a loss claim is paid based on a liquidation value appraisal or if the lender has recovered proceeds from insurance after a loss claim has been paid.
- Losses paid based on the liquidation appraisal at the end of the marketing time may be subject to repayment (recovery) to Rural Development if the eventual contract sales price (Form HUD-1, line 101) exceeds the value of the liquidation appraisal on which the claim was based.
- Refer to the [Report of Real Estate Owned Sold and Future Recovery of Sale Proceeds](#) AN for more information on the future recovery of REO sale proceeds.
- Lenders must furnish Rural Development a copy of the Form HUD-1 (or similar document) from the sale of the REO property, regardless of how long it takes to sell the property, including those cases where the property sells for less than the liquidation appraisal.
- Rural Development will consider reductions in the future recovery amount for certain seller concessions, additional sales expenses, and capital improvements. Include documentation of the additional expenses and seller concessions with the sale information as described in the previous bullet.

ACCOUNT INFORMATION CHANGES

Notify Rural Development of any changes or corrections in the account information such as name changes, correcting social security numbers, deceased borrowers, etc.

INFORM YOUR INVESTOR/DEFAULT REPORTING DEPT.

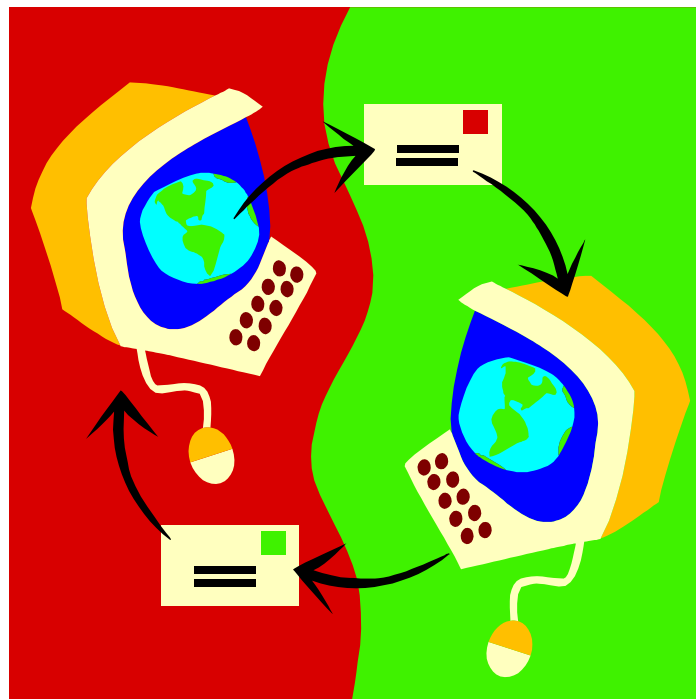
Changes in the account status must be accurately reported to Rural Development and your investor when they occur.

Numerous codes are used to report the status of GRH loans as they move through various loan servicing situations. These codes can be found in the RHS Electronic Data Interchange (EDI) Handbook at: <http://www.rurdev.usda.gov/regs/handbook/edi.pdf>

UPDATES BY E-MAIL

Provide your e-mail addresses to: Molly.Moore@mt.usda.gov

We will add your e-mail address to our address book so that you will receive future updates regarding the origination and servicing of GRH loans.



Appendix 1

Single Family Housing Guaranteed Loan Program Servicing Plan

Part A. Lender Information			
Servicer/ Holder:		Preparer:	Date:
Address:		Phone No.:	Fax No.:
City:		State:	Zip Code:
Part B. Loan Information			
Borrower:		Co-Borrower:	Lender Loan No.:
Borrower SSN:		Co-Borrower SSN:	Loan Origination Date:
DDLPI:	UPB:	Mo. Payment:	Total PITI Arrearage
	\$	\$	\$
Part C. Property Information			
Street Address:			
City:		State:	Zip Code:
Property Condition:	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Occupancy Status:	<input type="checkbox"/> Owner Occupied	<input type="checkbox"/> Tenant Occupied	<input type="checkbox"/> Vacant
Is the Property Listed for Sale?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
List Price:	Days on Market:	Real Estate Agent:	Agent's Phone No.:
\$			
Part D. Financial Information			
Reason for Default:			
Monthly Net Income:	Monthly Expenses:	Mo. Surplus Income:	Liquid Assets:
\$	\$	\$	\$
Comments:			
(Continue on reverse if necessary)			
Part E. Property Valuation			
Valuation Date:	<input type="checkbox"/> Inspection	<input type="checkbox"/> Appraisal	<input type="checkbox"/> BPO
As Is Value:	As Repaired Value:	Estimated Cost of Repairs:	
\$	\$	\$	
Part F. Workout Recommendation			
Special <input type="checkbox"/> Forbearance	<input type="checkbox"/> Modification	<input type="checkbox"/> Pre-Foreclosure Sale	<input type="checkbox"/> Deed-In-Lieu
Outstanding Fees:	Capitalized Amount :	List Price	Foreclosure Initiation Date:
\$	\$	\$	
Total Arrearage Amt:	New Mo Payment::	List Date:	Est. Foreclosure Sale Date:
\$	\$		
Agreement Term (mos.):	Old Interest Rate: New Interest Rate:	Marketing Period (days):	Fees & Costs to Date:
			\$
Mo. Pmt Amount:	Maturity Date:	Commission %:	
\$			
	Junior Lien Amount:	MLS Listing (Y/N)?:	
	\$		
	Foreclosure Status:	Borrower Contribution:	
		\$	
	Income/Expense Ratio:		

Appendix 2
SPECIAL FORBEARANCE CHECKLIST

Loan Number:	Borrower:	Date:
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Issue	Verification (Date, Amount, Source of Information etc.)
Has the borrower experienced a verified loss of income or increase in living expenses?	
Is the borrower an owner-occupant?	
Did the borrower receive the <u>How To Avoid Foreclosure</u> brochure?	
Will the loan be more than 90 and less than 365 days delinquent on the effective date of the agreement? (Show number of days)	
Did the surplus income analysis to determine the borrower's ability to repay the debt include:	
a financial statement provided by the borrower?	
a credit report?	
income/expense verifications?	
evidence the borrower can support the payment schedule?	
Show the borrower's surplus income percentage.	
Has an inspection determined that the property has no adverse conditions affecting continued occupancy?	
Does the written agreement executed by the borrower:	
clearly define the terms and frequency of repayment?	
offer relief not available through a normal repayment plan?	
state that failure to comply may result in foreclosure?	
limit the total default to 12 months or less?	
If the special forbearance agreement culminates in a modification, show the proposed date of that action.	

Appendix 3
LOAN MODIFICATION CHECKLIST

Loan Number:	Borrower:	Date:
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Issue	Verification (Date, Amount, Source of Information etc.)
Has the borrower experienced a verified loss of income or increase in living expenses?	
Does the borrower have a commitment to continue to occupy the property as his or her primary residence?	
Did the borrower receive the How To Avoid Foreclosure brochure?	
Will the loan be more than 90 days delinquent on the date of execution and funding? (Show number of days.)	
If this loan had a prior modification within the past three years, justify the decision to modify now.	
Did the surplus income analysis to determine the borrower's ability to repay the debt include:	
a financial statement provided by the borrower?	
a credit report?	
income/expense verifications?	
evidence of the borrower's ability to pay for at least 3 months?	
What is the borrower's surplus income percentage?	
Reason why the default cannot be cured through special forbearance?	
Has a title search established first lien status of the modified loan?	
Will release of junior liens be required?	
Will title endorsement be required?	
Has an inspection determined that the property has no adverse conditions affecting continued occupancy?	
Does the written modification agreement executed by the borrower:	
include all advances necessary to cure the delinquency of the principal, interest, taxes and insurance?	
exclude all legal and administrative costs?	

Appendix 4
PRE-FORECLOSURE SALE CHECKLIST

Loan Number:	Borrower:	Date:
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Issue	Verification (Date, Amount, Source of Information etc.)
Has the borrower experienced an involuntary reduction in income or increase in living expenses?	
Does the borrower occupy the property as his or her primary residence? If not, explain.	
Will the loan be at least 30 days delinquent when the PFS closes? (Show number of days.)	
Does an appraisal completed within the past 6 months show that: the AS-IS value is less than the loan amount ? (show Value) the property is worth at least 63% of the unpaid principal balance? (show negative equity ratio) sale proceeds will result in a loss of more than \$1,000 the property is not seriously damaged?	
Has a title search been obtained indicating marketable title?	
Did the surplus income analysis to determine the borrower's inability to repay the debt include: a financial statement provided by the borrower? a credit report? income/expense verifications? the borrower's surplus income percentage? (Show percentage.)	
The PFS agreement, executed by the borrower shows: the end date for marketing is? minimum acceptable net proceeds are?	
Do Net Sale Proceeds equal or exceed 82 percent of As-Is Value? (Show percentage)	

Appendix 5
DEED-IN-LIEU OF FORECLOSURE CHECKLIST

Loan Number:	Borrower:	Date:
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Issue	Verification (Date, Amount, Source of Information etc.)
Has the borrower experienced a verified loss of income or an unusually large and unforeseen increase in living expenses?	
Does the borrower occupy the property as his or her primary residence? If not, explain.	
Will the loan be at least 30 days delinquent when the special warranty deed is accepted?	
Did the borrower receive the HUD brochure, <u>How To Avoid Foreclosure</u> ?	
A recent appraisal or BPO indicates the AS IS property value as?	
If any portion of the property is rented has there been an approved occupied conveyance?	
Has a title search been obtained showing good and marketable title?	
Does the surplus income analysis used to determine the borrower's inability to repay the debt include:	
a financial statement provided by the borrower?	
credit report?	
income/expense verifications?	
the borrower's surplus income? (show dollars and percentage)	Surplus \$ _____ %
Does a written DIL agreement, executed by the borrower:	
require the property to be vacant and free of personal property at conveyance?	
convey clear title free of junior liens?	
require the borrower to pay utility bills to the date of conveyance?	
require the borrower to pay Homeowner's Association dues or other assessments?	
advise the borrower to obtain the advice of a tax consultant?	

Property Disposition Plan Worksheet

Attachment 1

Part A. Borrower Information				
Borrower:		Borrower SSN:		Plan Date:
Part B. Lender Information				
Servicer/Holder Name:			Prepared by:	
Tax ID Number:	Telephone Number:	Fax Telephone Number:		E-mail:
Part C. Loan and Property Information				
Lender Loan Number:				
Street Address:				
City:		State:	Zip Code:	
REO Date:	Eviction Completed Date (if applicable):		County:	
Part D. Property Value Summary				
Appraisal Date:	Appraised "As Is" Value: \$	Appraised "As Repaired" Value: \$	Estimated Cost of Repairs: \$	
Appraiser:	Appraisal Company Name:	Telephone Number:		
BPO Date:	BPO "As Is" Value: \$	BPO "As Repaired" Value: \$	Estimated Cost of Repairs: \$	
List Planned Repair(s) and Amount(s) from BPO and/or Appraisal, including any emergency maintenance, if applicable:			\$	<input style="width: 50px;" type="text"/>
			\$	<input style="width: 50px;" type="text"/>
			\$	<input style="width: 50px;" type="text"/>
			\$	<input style="width: 50px;" type="text"/>
			\$	<input style="width: 50px;" type="text"/>
Part E. Listing Summary				
Asset Management Company Name:		Contact Name:	Asset Manager's Telephone No.:	
Real Estate Agent:		Agent's Phone No.:	Agent's Fax No.:	
Local Listing Agency Name:		Listing Agency City and State:		
Marketing Strategy: As-Is or As-repaired (circle) Advertising Methodology: (Provide detail in comment section.)	Suggested List Price: \$	List Price Reduction(s): Percentage: % and Frequency (days):	MLS Listing: Select: Yes or No	
Price/Bid Policy: Min. Acceptable Price \$ or %, Mrktg Time Contingency: (days):		Suggested Sales Commission: % or \$	Seller Concessions, if applicable: %	
Estimated 6 month REO Expenses Anticipated:		Additional Comments:		
Initial Cleaning \$ <input style="width: 50px;" type="text"/> Securing \$ <input style="width: 50px;" type="text"/> Utilities \$ <input style="width: 50px;" type="text"/> Lawn Service \$ <input style="width: 50px;" type="text"/> Winterization \$ <input style="width: 50px;" type="text"/> Other (Explain) \$ <input style="width: 50px;" type="text"/> Total \$ <input style="width: 50px;" type="text"/>				
This plan should be reviewed and approved by the Agency within five (5) business days from the date of receipt. The plan may be implemented unless Agency provides alternative recommendations.				
Authorized Lender's Signature		Print or Type Name		Date
Agency Approval Official		Print or Type Name		Date